



State of South Carolina

Office of the Governor

MARK SANFORD
GOVERNOR

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June 6, 2007

The Honorable André Bauer
President of the Senate
State House, 1st Floor, East Wing
Columbia, South Carolina 29202

Dear Mr. President and Members of the Senate:

I am hereby vetoing and returning without my signature S. 20, R-85.

This bill requires health insurers to provide mandated coverage for treatment of Autism spectrum disorder, which includes Autistic Disorder, Asperger's Syndrome, and other Pervasive Developmental Disorders.

My prayers go out to any family afflicted with any of these disorders, and it is for this reason that we have consistently pushed for scholarship programs for the parents of children with special needs. Early intervention can make a vital difference for children with autism. It was our view that carving off a small part of the \$5 billion presently spent on education to allow parents the choice on where and how they choose to have their child educated was key to bettering this situation for affected families. In some cases, families have gotten over \$100,000 a year in these programs to get the kind of individualized attention their child required. Ironically some of the biggest supporters of this bill were some of the staunchest critics of the educational choice programs that have proven to help families affected by autism in other states.

In addition to believing that there are better ways of dealing with this very real need, the other question of this bill lies in whether helping to remedy these families' challenges creates equal or greater challenges for other families. This bill does not deal with an additional revenue stream as our educational proposals would have, but creates a new one. It was for this reason that when a similar bill crossed my desk two years ago mandating health insurance plans to provide coverage for the treatment of mental illness, I said going forward I would be "overwhelming predisposed to veto any other mandated coverage." Unfortunately, this bill goes down this path of imposing another government mandate for particular types of health services.

There are only three variables in the financing of health care: cost, access and quality. As we push on one, we affect the other two. This bill would undeniably raise the quality of insurance

packages for families with autistic children - but doing so would correspondingly increase the cost, and consequently lower the access to health insurance, for many other families across our state.

Unfortunately, one of the greatest obstacles to health care in South Carolina is that we have, in some cases, priced insurance coverage out of reach for our citizens. Mandates increase the cost of health insurance premiums to the individual and overall costs to employers. In the case of this legislation, it is also estimated to increase costs to the State Health Plan by \$10.5 million in the next year.

The Department of Insurance reports more than 30 different benefits are mandated in South Carolina affecting health care insurance coverage, and in total these mandates cost South Carolina families almost \$500 a year. Projected estimates are that this mandate will add another \$48 annually to insurance policies.

Additionally, in some cases, these mandates create health care cost inflation because of demand for services that would be unlikely without the mandate itself. Take for instance the state Medicaid programs' mandated requirement to provide chiropractic coverage to all of its beneficiaries, including children. The fastest growing area of chiropractic care there is now for children under the age of 6 which is somewhat bizarre given the physical nature of the spine at that age.

Finally, politically mandated health care services added to the system affects the marketplace. Larger insurance companies can absorb these costs because of their volumes. Smaller companies find these charges more difficult to absorb which moves us to a place where a handful of bigger providers are able to grab ever larger portions of the health care marketplace. Less competition ultimately leads to higher health insurance pricing for all families in this state, those impacted by autistic needs and those not impacted.

Currently there are three state agencies providing needed treatment for autistic children at the cost of almost \$43 million annually. Last year the South Carolina Department of Disabilities and Special Needs reported spending almost \$8 million to assist 1,591 children (15 years and younger) who are eligible to receive their services. The South Carolina Department of Health and Human Services reports that its total costs associated with assisting children with autism was \$17.9 million. Also, the Department of Education spent more than \$17 million on instructional face-to-face classroom activities for more than 2,200 students.

In the past, my administration has consistently supported and encouraged the use of Health Saving Accounts (HSAs). In 2004, I made HSAs part of the State Health Plan. Currently, more than 5,000 state employees take advantage of this cost saving option. These types of saving accounts recognize two realities. Market forces are key to creating better products and services, and those market forces are also key to lowering and controlling the cost of those same goods and services. It is my belief that South Carolinians should be able to freely shop for the kind of

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insurance coverage and medical care which best serves their families – not be driven into health or policy coverage simply based on political forces because, in the long run, those very political forces will work to undermine the cost of insurance and health care for all South Carolina families.

For the reasons stated above, I am vetoing S. 20, R-85, and returning it without my approval.

Sincerely,

A handwritten signature in dark ink, appearing to be 'Mark Sanford', with a stylized, sweeping flourish at the end.

Mark Sanford